

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 SS-15 NSC-05 /076 W

----- 046463

R 251612Z APR 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8748

INFO ALL EC CAPITALS 594

AMEMBASSY MANILA

AMEMBASSY TOKYO

LIMITED OFFICIAL USE EC BRUSSELS 3701

MANILA PASS TO SECRETARY SIMON'S PARTY

E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJECT: EC/US FINANCIAL CONSULTATIONS--COMMISSION AND PERM
REP COMMENTS

REF: A. EC BRUSSELS 3527 (NOTAL) B. ROME 5998 (NOTAL)

C. EC A-162, APRIL 22, 1975 (NOTAL)

1. BEGIN SUMMARY: EC FINANCE MINISTERS REACHED NO AGREEMENT ON AN
AGENDA FOR THE MEETING BETWEEN IRISH FINANCE MINISTER RYAN,
VICE PRESIDENT HAERKAMP AND SECRETARY SIMON TENTATIVELY SET FOR
MAY 6. MOST MINISTERS FAVORED HAVING A GENERAL EXCHANGE OF
VIEWS AND AVOIDING INSTITUTIONALIZING THESE CONSULTATIONS. END
SUMMARY.

2. EC FINANCE MINISTERS DISCUSSED AT LUNCH ON APRIL 21 THE TENTA-
TIVE MEETING BETWEEN IRISH FINANCE MINISTER RYAN, COMMISSION
VICE PRESIDENT HAERKAMP AND SECRETARY SIMON ON MAY 6 IN
WASHINGTON (REF A). PRIOR TO THE LUNCH, UK CHANCELLOR HEALEY
WHO WAS NOT PRESENT FOR THE DISCUSSIONS, HAD SENT A LETTER
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TO RYAN SUGGESTING THAT THE PROPOSED MEETING HAD BEEN

OVERTAKEN NOW THAT THE US HAD ADOPTED ITS ECONOMIC PROGRAM. RYAN INDICATED AT THE LUNCH, HOWEVER, THAT THE MEETING WITH SECRETARY SIMON HAD ALREADY BEEN ARRANGED. THE MINISTERS FAVORED GOING AHEAD WITH AN INFORMAL EXCHANGE OF VIEWS.

3. THE FINANCE MINISTERS DID NOT COME TO ANY AGREEMENT ON A PROPOSED AGENDA FOR THE EC/US MEETING. THE UK TREASURY PERM SEC WAS SUGGESTED THAT THE AGENDA SHOULD BE RESTRICTED TO A GENERAL EXCHANGE OF VIEWS. FRG FINANCE MINISTER APEL QUESTIONED THE NEED FOR A MEETING BECAUSE THE MINISTERS HAD A RECENT OPPORTUNITY TO CONSULT WITH SECRETARY SIMON AT THE IEA BOARD MEETING AND WOULD HAVE ANOTHER OPPORTUNITY AT THE OECD MINISTERIAL MEETING AT THE END OF MAY. NEVERTHELESS, APEL DID NOT OPPOSE THE INITIATIVE, ALTHOUGH HE SUGGESTED THAT NOW THAT THE US HAD ADOPTED ITS ECONOMIC PROGRAM, IT WOULD NOT BE APPROPRIATE TO BRING UP THE NEED FOR THE US TO REFLATE FURTHER. IT IS NOW NECESSARY TO SEE WHAT THE IMPACT OF THE CURRENT PROGRAM WILL BE BEFORE DISCUSSING POSSIBLE ADDITIONAL MEASURES. DUTCH FINANCE MINISTER BUISENBERG OBJECTED TO HAFERKAMP'S PROPOSAL (REF C) THAT INTEREST RATE POLICY MIGHT BE DISCUSSED. DUISENBERG THOUGHT THE BIS BANKERS' COMMITTEE SHOULD TAKE UP THIS SUBJECT.

4. IRISH PERM REP AND COMMISSION SOURCES SAY NO DECISION HAS BEEN REACHED ON WHETHER THE EC (OR RYAN) WILL PROPOSE AN AGENDA FOR THE MEETING. RYAN WILL LIKELY WANT TO DISCUSS THE PROJECTED IMPACT OF STIMULATIVE POLICIES THAT HAVE ALREADY BEEN INTRODUCED AND POSSIBLE US/EC ACTIONS TO ENSURE A REVIVAL OF WORLD TRADE.

5. COMMUNITY AND PERM REP OFFICIALS BELIEVE THE MAIN PURPOSE OF THE MEETING IS TO ESTABLISH EC COMMUNICATIONS WITH TOP US FINANCIAL OFFICIALS. THIS EXCHANGE WOULD BE CONFIDENTIAL SO AS TO AVOID ANY POSSIBILITY OF BECOMING ENMESHED IN THE US DEBATE OVER ECONOMIC POLICY. COMMISSION OFFICIALS SEE THE MEETING AS AN OPPORTUNITY TO OBTAIN AN ASSESSMENT OF US ECONOMIC PROSPECTS AND TO INCREASE MUTUAL UNDERSTANDING OF WORLDWIDE ECONOMIC DEVELOPMENTS.

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6. THE FINANCE MINISTERS WANT TO KEEP THE EXCHANGE INFORMAL AND AVOID THE APPEARANCE OF INSTITUTIONALIZING THESE CONSULTATIONS. NEVERTHELESS, COMMISSION OFFICIALS WOULD LIKE TO HAVE THIS TYPE OF MEETING FROM TIME TO TIME WHENEVER ECONOMIC CONDITIONS CALL FOR CONSULTATIONS. SOME FINANCE MINISTERS SUGGESTED THAT RYAN BROADEN THESE EC INFORMAL CONTACTS TO INCLUDE PERHAPS A VISIT TO TOKYO AND OTHER OECD COUNTRIES. IRISH PER REP OFFICIALS SAY RYAN HAS NOT MADE

ANY PLANS TO VISIT OTHER CAPITALS AT THIS TIME.

7. COMMENT: AS EC FINANCE COUNCIL PRESIDENT, RYAN WILL BE REPRESENTING ALL OF THE EC FINANCE MINISTERS IN THESE CONSULTATIONS. SHOULD ANOTHER EC/US MEETING BE SCHEDULED AFTER JULY 1, ITALIAN FINANCE MINISTER MORO WOULD REPRESENT THE EC AS PRESIDENT OF THE COUNCIL. INCIDENTALLY, WHILE WE ASSUME THE FRENCH ARE AMONG THE EC MOST SENSITIVE TO ANYTHING THAT LOOKS LIKE US-EC "INSTITUTIONALIZING", WE DID NOT GET A CLEAR READING ON THE POSITION THEY ACTUALLY TOOK AT THE LUNCHEON. FOURCADE WAS REPRESENTED BY AS STATE SECRETARY (PONCELET) PRIMARILY CONCERNED WITH BUDGET MATTERS. END COMMENT. GREENWALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, MEETING AGENDA, MINISTERIAL MEETINGS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU03701
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750146-0658
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750413/aaaaamep.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 3527, 75 (NOTAROME 5998
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by BoyleJA>; APPROVED <21 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC/US FINANCIAL CONSULTATIONS--COMMISSION AND PERM REP COMMENTS
TAGS: EFIN, EI, US, EEC, (SIMON, WILLIAM E), (RYAN, RICHIE), (HAFERKAMP)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006